

Testimony of Ken Baumgartner
President, The Corky McMillin Companies

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Subcommittee on Federalism and the Census

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Mr. Chairman and members of the Committee, My name is Ken Baumgartner, President of the Corky McMillin Companies, A privately held residential and commercial builder with over 45years experience in the construction of master planned communities in several states. I have been with the company for the past 27 years.

I would like to thank you for the invitation to testify before you to discuss today's topic, "Historic Preservation and Community Development: Why Cities and Towns should Look to the Past as a Key to Their Future".

As the company selected by the City of San Diego in 1999 to rebuild The Naval Training Center, a former military base, I am hopeful that my testimony will provide you with a perspective of how the private sector can partner with local, State, and Federal Governments to achieve the goals of both community revitalization, and the preservation of historically valuable properties.

Allow me to begin with some background. In 1993, the Base Realignment and Closure Commission closed the 550 Acre Naval Training Center (NTC) located west of downtown San Diego after serving for more than 60 years as a basic training facility for military recruits. Built in the 1920's, the Naval Training Center, now called "Liberty Station" was notable for its unique architectural design of Spanish colonial buildings.

Once the base closed in 1997, the City of San Diego embarked on a lengthy process with the Navy, numerous government agencies, community groups and members of the public to determine what should be built on the property. The result was a "reuse plan" that called for approximately 500 military housing units, a public park, a non-profit arts and culture district, several schools, new housing, and a commercial and retail district, a restored historic 9-hole golf course and a hotel sector with 1,000 new rooms.

Integral to the success of the plan is the modernization and reuse of the buildings of historic value on the property. This "Historic Core" includes 50 buildings listed on the National Register of Historic Places comprising over 600,000 sq ft of space. According to the plan, approximately 300,000 sq ft of space is to be dedicated to use as an Arts and Culture District, and over 300,000 sq ft for retail and commercial uses.

Once converted for reuse, the historic core of the project will truly serve as the economic engine that will drive the revitalization of the former base, and the surrounding community. These vintage-era buildings will provide new office space, retail stores, restaurants, cultural events, entertainment, and jobs, all within walking distance to many new homes, including the homes of hundreds of military families.

Our greatest challenge in fulfilling the potential of this redevelopment project is to find cost effective ways of adapting functionally obsolete military buildings into marketable properties that will accommodate the very specific uses allowed within the myriad of restrictions governing the property. An example is rehabilitating small office spaces in old military buildings that are now zoned and planned for visitor retail uses. While maintaining the historical features, some flexibility is needed for retail reuse.

It is important to note that we are not only restricted with what we can do with the buildings by federal historic regulations, but also the state and local historic preservation offices, The Project Precise Plan, City Zoning Codes, Daily Traffic Limitations, and because our project is located near an airport within the coastal zone, Runway Protection Zones, and the State of California Local Coastal Program.

It is also important to understand that it actually costs more to renovate these buildings than it would to build new ones from the ground up. Furthermore, maintaining the strict historical configuration of the properties can reduce rents up to 25%, and make them harder to lease.

Without programs such as the Federal Historic Tax Credit Program, renovating these buildings would not be financially viable, leaving us few options but to leave them in a prolonged state of disrepair. It is clear this program has a direct impact on preventing blight and preserving historic resources, provided the end-user needs and historic elements of the buildings are balanced in the rehabilitation. Over emphasis on historic preservation could negate the end-use interest, threatening the loss historic rehabilitation. The continued success of this program will be driven by a good balance between adaptive reuse and historic preservation.

Mr. Chairman, in closing, it is our view that the Federal Historic Tax Credit Program can be a significant catalyst in achieving the goals of community revitalization and historic preservation. I invite you or any member of

congress who is interested to visit us in San Diego. I would be very happy to give you a tour and show you how this program is benefiting our community.

Thank you again for inviting me here today. I would be glad to answer any questions you may have.